

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

APPLICATION AND NOTICE OF OLDHAM)
COUNTY WATER DISTRICT FOR APPROVAL)
OF INTERIM RATES; FOR APPROVAL OF)
PERMANENT RATES; ORDER AUTHORIZING)
LONG TERM FINANCING; CERTIFICATE OF)
CONVENIENCE AND NECESSITY; AND PER-)
MISSION TO FILE PERMANENT RATE AND)
TARIFF INFORMATION AFTER BIDS ARE)
RECEIVED)

CASE NO. 7798

INTERIM ORDER

On March 28, 1980, Oldham County Water District, hereinafter referred to as the District filed with this Commission its application and notice seeking approval of (1) Interim Rates; (2) Permanent Rates; (3) Long Term Financing from Farmers Home Administration (FmHA); (4) a Certificate of Convenience and Necessity; (5) and Authority to file Cost Information after Bids are received.

On the 28th day of March, 1980, the Commission entered its order suspending the proposed rates and charges for a period of five (5) months on and after the 28th day of April, 1980. On April 22, 1980, the Commission entered its Order setting the hearing at the Commission's offices in Frankfort, Kentucky on the 22nd day of May, 1980, at 10:00 a.m., and directing the District to publish the place, date and hour of the hearing.

All parties of interest were notified in the manner prescribed by the Kentucky Revised Statutes. The Consumer Intervention Division of the Attorney General's Office and the City of LaGrange, Kentucky were the intervenors of record in this matter.

The District incorporated, by reference in this Case, the data filed in its rate application in Case No. 7390. The application in Case 7390 was filed on March 28, 1979. The District placed the requested rates into effect subject to refund on October 1, 1979. By Order dated January 10, 1980, the Commission dismissed the District's request for a rate increase in Case 7390, due to the District's

failure to file information required in that case, without prejudice to any new application filed by the District that contained the required information. The Commission further ordered the District to file a plan by which it would refund to its customers, the excess of amounts collected under rates placed in effect October 1, 1979, and the rates that were on file with the Commission at that date. The District appealed the Commission's decision to the Franklin Circuit Court (Civil Action No. 80-CI-0136) and asked that the rates placed in effect on October 1, 1979, remain in effect. Although the District received no Order from the court to stay the Commission's decision, it has continued to charge these rates to this day.

The complete record and testimony in this matter through the conclusion of the May 22, 1980, hearing has been considered by the Commission in the making of this Order. This Order addresses the request for interim rates. The matter of establishing permanent rates, granting of a certificate of construction and approval of financing will be addressed in subsequent proceedings and orders of this Commission.

TEST PERIOD

The District has proposed, and the Commission has adopted for use, the twelve (12) months ending December 31, 1979, for the purpose of determining the reasonableness of the proposed rates. Proforma adjustments have been included where found fair, just and reasonable.

REVENUES AND EXPENSES

The District proposed several proforma revenue and expense adjustments in their Comparative Income Statement (Exhibit No. 1). The Commission is of the opinion that the adjustments, including the corrections accepted by the District witness, Mr. David Hicks, are proper and they have been accepted for the purpose of establishing interim rates. As shown below, the net effect of these adjustments is to increase net operating income, exclusive of

depreciation, by \$57,014 to \$238,748.

	<u>Test Year</u>	<u>Proforma Adjustments</u>	<u>Adjusted</u>
Operating Revenue			
Retail Customers Sales (Metered)	\$321,791	\$19,050 ⁽¹⁾	\$340,841
Wholesale Customer Sales	109,737	66,994 ⁽²⁾	176,731
Customer Penalties	6,764	--	6,764
Other Operating Income	1,147	--	1,147
Total Operating Revenue	<u>\$439,439</u>	<u>\$86,044</u>	<u>\$525,483</u>
Operating Expenses	257,705	29,030 ⁽³⁾	286,735
Operating Income Before Depreciation	<u>\$181,734</u>	<u>\$57,014</u>	<u>\$238,748</u>

SUMMARY

The Commission, after consideration of all the evidence of record and being advised, is of the opinion and FINDS that:

1. The rates set out in Appendix "A" attached hereto and made a part hereof are fair, just and reasonable rates to be charged by Oldham County Water District in that they will produce annual operating revenues of approximately \$525,483 and should be approved. This revenue is needed by the District to pay its operating expenses and meet the bond debt service requirements. The general service rates should be and will become uniform in all areas served by the District upon institution of the rates contained in Appendix "A."

2. The rates proposed by Oldham County Water District and set out in the Application and Exhibits contain errors, agreed to on cross examination by the District witness and for that reason should be denied.

3. The rates placed in effect by the District on October 1, 1979, were approved subject to refund. The Commission's Order in Case No. 7390 dated January 10, 1980, dismissed the District's application and ordered the District to file its plan to refund to customers revenues collected in excess of the Commission's authorized rates.

4. The District has been charging unauthorized rates from January 10, 1980 to the date of this Order.

(1) Correction included for miscalculation of Residential Consumption Range 5,100 - 9,000 gallon average consumption changed from 8,695 to 6,842.

(2) Correction included for miscalculation of wholesale rates Exhibit calculated at .46 per 1,000 gallons should have calculated at .434 per thousand gallons.

(3) Includes \$3,000 amortization of rate case expense (\$9,000 to be amortized over three years).

5. The District should be required to refund all amounts collected subject to refund from October 1, 1979 to January 10, 1980, and all amounts collected under unauthorized rates from January 10, 1980, through the date of this Order.

6. The only rates authorized for the District during the period, October 1, 1979, to the date of this Order, were the rates in effect prior to October 1, 1979.

IT IS THEREFORE ORDERED:

1) That the rates proposed by the District and set out in the Application insofar as they differ from those in Appendix "A" be and are hereby denied.

2) That the interim rates for water service as prescribed and set out in Appendix "A" attached hereto and made a part hereof be and are hereby fixed as the rates for water service rendered by the Oldham County Water District on and after the date of this Order.

3) That the District shall file with the Commission within thirty (30) days from the date of this Order, its revised tariff sheets setting out the water service rates approved herein. Further, that a copy of the District's Rules and Regulations for providing water services shall be filed with said tariff sheets.

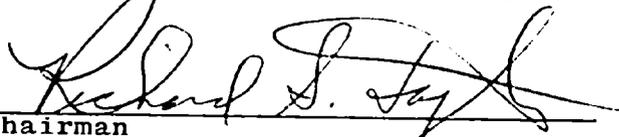
4) That the District shall file within thirty (30) days of the date of this Order a proposed plan to refund to those persons entitled thereto all rates and charges made by the District in excess of those approved by the Commission for the period October 1, 1979, through the date of this Order. The plan shall contain the total dollar amount of unauthorized charges by month and by customer class which have been collected through the date of this Order.

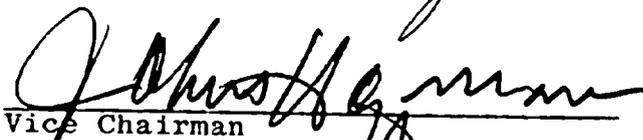
5) That the rates authorized in ordering paragraph 2 and tariffs filed in response to ordering paragraph 3 shall not be placed into effect until such time as the plan of refund has been filed and approved by this Commission.

6) That Oldham County Water District shall immediately cease and desist from charging the rates placed in effect on October 1, 1979.

Done at Frankfort, Kentucky, this the 2nd day of July,
1980.

UTILITY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE
KENTUCKY UTILITY REGULATORY COMMISSION
IN CASE NO. 7798 DATED JULY 2, 1980

The following rates are prescribed for all general customers in the entire area served by Oldham County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

GENERAL SERVICE RATES MONTHLY

<u>Gallage Block</u>	<u>Monthly Rate</u>
First 2,000 Gallons	\$6.00 (Minimum Bill)
Next 3,000 Gallons	\$1.80 per thousand
Next 4,000 Gallons	\$1.20 per thousand
Next 11,000 Gallons	\$0.80 per thousand
Over 20,000 Gallons	\$0.60 per thousand

Wholesale Rate

City of LaGrange, Kentucky	\$0.434 per thousand
Kentucky State Reformatory	\$0.434 per thousand